

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF B & H GAS)	CASE NO. 91-127-E
COMPANY, INC.)	

O R D E R

On January 13, 1992, the Commission issued its Order in Case No. 91-127 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On March 12, 1993, B & H Gas Company, Inc. ("B & H") filed its quarterly gas cost adjustment ("GCA"), which was proposed to become effective for the calendar quarter beginning April 1, 1993, to remain in effect until July 1, 1993.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. B & H's notice of March 12, 1993 set out certain revisions in rates which B & H proposed to place into effect, said rates being designed to pass on to its customers its wholesale increase in gas cost from B & S Oil & Gas Company, an affiliate. On April 7, 1993, the Commission issued its Order requesting additional information concerning the proposed increase. On April 14, 1993, B & H filed its support for the 10 cent per Mcf increase. After reviewing B & H's response and confirming with the

management of B & H the increased reliability of supply, the Commission finds the proposed increase reasonable. B & H's expected gas cost ("EGC") for the quarter should be \$3.8433 per Mcf. B & H had proposed an EGC of \$3.7491 due to a miscalculation.

2. B & H's notice set out no refund adjustment.

3. B & H's notice set out a current quarter actual adjustment in the amount of (1.41) cents per Mcf to compensate for overrecovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of October, November, and December 1992. B & H did not use the EGC in effect during those months in calculating its overrecovery; the current quarter actual adjustment should be (.15) cents per Mcf. B & H neglected to include previous quarter adjustments in its total adjustment. The correct total adjustment of 5.02 cents per Mcf is designed to correct the current over-collection as well as under- or over-collections from previous quarters.

4. B & H's notice set out no balance adjustment. This adjustment will be unavailable to B & H until the approved actual adjustment has been in effect for 4 quarters.

5. The combined effect of the above adjustments is B & H's corrected gas cost recovery rate ("GCR") in the amount of \$3.8935 per Mcf, which is an increase of 13.28 cents per Mcf from its last approved rates.

6. B & H's adjustment in rates, set out in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 91-127 dated January 13, 1992,

is fair, just, and reasonable, in the public interest, and should be effective with service rendered on and after the date of this Order.

IT IS THEREFORE ORDERED that:

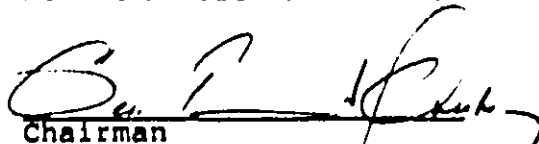
1. The rates proposed by B & H be and they hereby are denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with service rendered on and after the date of this Order.

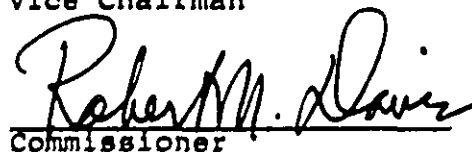
3. Within 30 days of the date of this Order, B & H shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 3rd day of May, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-127-E DATED May 3, 1993

The following rates and charges are prescribed for the customers served by B & H Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 2 Mcf	\$4.7938	\$7.7870	\$12.5808
Next 8 Mcf	1.9788	3.8935	5.8723
Next 20 Mcf	1.5611	3.8935	5.4546
Over 30 Mcf	1.3103	3.8935	5.2038

A surcharge in the amount of 3 cents per Mcf shall be added to the above rates until the obligation owed Kentucky West Virginia Gas Company has been discharged or is recalculated.